



MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. **LTC#** 119-2015

RECEIVED

2015 MAR 23 PM 2:12

CITY CLERK'S OFFICE

LETTER TO COMMISSION

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: March 23, 2015

SUBJECT: Workers' Compensation Audit #14/15-036

This Letter to Commission is to summarize and transmit the final audit findings from representatives of the Florida Department of Financial Services, Bureau of Monitoring and Audit, regarding the City of Miami Beach's Workers Compensation Program Administration.

The Division of Workers' Compensation audits the benefit disbursement and claims handling practices of all self-insured employers in the State of Florida. Claims are audited to determine compliance with statutory and rule requirements regulated by the Division. The process looks for patterns or practices of unreasonable delay in claims handling, timeliness and accuracy of payments, and any other issues as identified by the Division.

The City uses a third party administrator ("TPA") to handle all workers' compensation benefits, Johns Eastern Company (until 1/31/2015). A new TPA, CorVel, began handling the City's workers' compensation claims effective February 1, 2015. The audit was conducted at Johns Eastern's office in Sarasota, Florida the week of January 12 – 15, 2015. The team examined 103 files with accident dates ranging from June 28, 1990 through August 6, 2014.

Below is a summary of the audit findings by category:

I. Claims Handling Practice Reviewed

Claims Handling Practice Reviewed	# Due	# in Violation	Performance Achieved %
Prompt Payments of Indemnity	878	8	99.08%
Informational Brochure	95	0	100%
Employee Notification	95	0	100%
Filing: First Reports of Injury or Illness	66	0	100%
Filing: Notices of Action or Change	196	6	96.93%

Claims Handling Practice Reviewed	# Due	# in Violation	Performance Achieved %
Filing: Notices of Denial or Rescinded Denial	22	0	100%
Filing: Claim Cost Reports	154	0	100%

II. Claims Handling Practice Reviewed

Claims Handling Practice Reviewed	# Files Reviewed	# in Violation	Performance Achieved %
Accuracy of Indemnity Calculation	74	10	86.49%

III. Electronic Data Accuracy Practice Reviewed

Electronic Data Accuracy Practice Reviewed	# Reviewed in MDS	# in Violation	Performance Achieved %
Medical Data – Accuracy of Received Dates	158	1	99.36%
Medical Data – Accuracy of Paid Dates	158	0	100%
Medical Data – Bills Not Reported	158	2	98.75%

IV. Electronic Data Accuracy Practice Reviewed

Electronic Data Accuracy Practice Reviewed	# Due	# in Violation	Performance Achieved %
First Report of Injury or Illness Data – Accuracy of Dates of Accident	66	0	100%
First Report of Injury or Illness Data – Accuracy of Date Reported to Employer	65	0	100%
First Report of Injury or Illness Data – Accuracy of Date Reported to Claim Administrator	66	0	100%
First Report of Injury or Illness Data – Accuracy of Date Disability Began	36	0	100%
First Report of Injury or Illness Data – Accuracy of Carrier Knowledge of the 8 th Day of Disability	35	0	100%
First Report of Injury or Illness Data – Accuracy of Initial Date of Payment	11	0	100%
First Report of Injury or Illness Data – Accuracy of Salary End Date	34	0	100%
First Report of Injury or Illness Data – Accuracy of	66	0	100%

Electronic Data Accuracy Practice Reviewed	# Due	# in Violation	Performance Achieved %
Salary in Lieu of Compensation			
First Report of Injury or Illness Data – Accuracy of Initial Disability Type	66	0	100%

As stated in the March 20, 2015, letter from Tanner Holloman, Director, Florida Department of Financial Services, Division of Workers' Compensation, the City met audit performance standards and deficiencies found did not require an assessment of penalties.

Audit findings were shared with the new TPA, CorVel, with the expectation that on the next State audit the City will have even better results.

Please let me know if you have any questions or need any additional information.

Attachment

c: Kathie G. Brooks, Assistant City Manager
Sylvia Crespo-Tabak, Human Resources Director
Sonia Bridges, Risk Manager

Attachments

JLM/KGB/SC-T



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

March 20, 2015

Ms. Sylvia Crespo-Tabak, Human Resources Director
City of Miami Beach
1700 Convention Center Drive
Human Resources Department
Miami Beach, FL 33139

RE: Workers' Compensation Audit #14/15-036
City of Miami Beach (#9614)

Dear Ms. Crespo-Tabak:

The Division would like to commend City of Miami Beach, for their performance on the audit recently conducted by the Bureau of Monitoring and Audit. City of Miami Beach met the Division's audit performance standards and received no penalties as a result of this audit.

We also wish to take this opportunity to thank you for your cooperation during the audit and to reaffirm the importance of audits to actively ensure the self-execution of the workers' compensation system. On behalf of the entire Division, congratulations and keep up the good work!

Sincerely,

Tanner Holloman
Director

TH/bjw

cc: Ms. Sonia Bridges, Risk Manager
City of Miami Beach

Mr. Greg Burden, Quality Assurance Manager
Ms. Beverly Adkins, Executive Vice President
Ms. Alice Banes, Director of TPA Operations
Johns Eastern Company

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Tanner Holloman • Director

Division of Workers' Compensation

200 East Gaines Street • Tallahassee, Florida 32399-4220 • Tel. 850-413-1600 • Fax 850-413-1973

Email • Tanner.Holloman@MyFloridaCFO.com

AFFIRMATIVE ACTION • EQUAL OPPORTUNITY EMPLOYER



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

March 20, 2015

Ms. Sylvia Crespo-Tabak, Human Resources Director
City of Miami Beach
1700 Convention Center Drive
Human Resources Department
Miami Beach, FL 33139

RE: Workers' Compensation Audit #14/15-036
City of Miami Beach (#9614)

Dear Ms. Crespo-Tabak:

The Division would like to thank Mr. Greg Burden for his response to the preliminary report. The enclosed final report reflects the findings of the audit performed by representatives of the Bureau of Monitoring and Audit during the week of January 12, 2015, through January 15, 2015. The deficiencies found within this audit do not require an assessment of penalties.

Should you have any questions concerning the findings outlined in this report, please contact Ms. Barbara Willis by phone or email:

(850) 413-1794
Barbara.Willis@myfloridaCFO.com

Respectfully yours,

Pamela Macon, Bureau Chief
Bureau of Monitoring & Audit

PM/bjw

Enclosure

cc: Ms. Sonia Bridges, Risk Manager
City of Miami Beach

Mr. Greg Burden, Quality Assurance Manager
Ms. Beverly Adkins, Executive Vice President
Ms. Alice Banes, Director of TPA Operations
Johns Eastern Company

NOTICE OF RIGHTS

You have a right to administrative review of this action by the Department under sections 120.569 and 120.57, Florida Statutes.

To obtain review, you must file a written petition requesting review. If you dispute a material fact contained in this action, you are entitled to a hearing under Sections 120.569 and 120.57(1), Florida Statutes, at which you may be represented by counsel, present evidence and argument on the issue(s), examine witnesses, submit a proposed recommended order, and file exceptions to the recommended order of the Administrative Law Judge. If you do not dispute a material fact contained in this action, you are entitled to a hearing under section 120.57(2), Florida Statutes, at which you may be represented by counsel, present documentary evidence, and present a written statement in opposition to this action.

A petition for a hearing under sections 120.569 and 120.57, Florida Statutes, must conform to Rule 28-106.2015, Florida Administrative Code. The petition shall contain a) the name, address, and telephone number, and facsimile number (if any) of the petitioner; b) the name, address, and telephone number, and facsimile number of the attorney or qualified representative of the petitioner (if any) upon whom service of pleadings and other papers shall be made; c) a statement requesting an administrative hearing identifying those material facts that are in dispute. If there are none, the petition must so indicate; d) a statement of when the petitioner received notice of the agency action; and e) a statement including the file number to the agency action.

You must file the petition for hearing so that it is received by the Department within twenty-one (21) days of your receipt of this agency action. The petition must be filed with Julie Jones, the DFS Agency Clerk, Department of Financial Services, 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0390. **FAILURE TO FILE A PETITION WITHIN THE TWENTY-ONE (21) DAYS CONSTITUTES A WAIVER OF YOUR RIGHT TO ADMINISTRATIVE REVIEW OF THE AGENCY ACTION.**

Mediation under section 120.573, Florida Statutes, is not available.

For Accounting Use Only:

N
5432J

FINAL AUDIT REPORT

CITY OF MIAMI BEACH

Miami Beach, FL

Audit Period: November 1, 2009, through January 15, 2015



DEPARTMENT OF FINANCIAL SERVICES

DIVISION OF WORKERS' COMPENSATION

AUDIT NUMBER: 14/15-036

AUDIT DATES: January 12, 2015, through January 15, 2015

**AUDITORS: Sharna Amos, Suzette Buchanan, Holly Drake,
Christophe Johnson and Lawanna Morrow**

TABLE OF CONTENTS

I. INTRODUCTION	1
II. BENEFIT DISBURSEMENT PRACTICES	2
A. Prompt Payments of Indemnity	2
B. Accuracy of Indemnity Calculation	2
III. ELECTRONIC DATA ACCURACY PRACTICES	4
A. Medical Data Review	4
B. First Reports of Injury or Illness Data Review	5
IV. CASE MANAGEMENT TECHNIQUES	6
A. Claimant Contact	6
1. Informational Brochure	6
2. Employee Notification Letter	6
B. Claim Forms/EDI Findings	6
1. First Reports of Injury or Illness	6
2. Notices of Action or Change	7
3. Notices of Denial or Rescinded Denial	7
4. Claim Cost Reports	8
V. SUMMARY	9
VI. CONCLUSIONS	11

I. INTRODUCTION

The Division of Workers' Compensation, pursuant to Section 440.525, F.S., audits the benefit disbursement and claims handling practices of all insurance carriers and self-insured employers providing workers' compensation coverage in the state of Florida. The audit process may address patterns or practices of unreasonable delay in claims handling, timeliness and accuracy of payments, and any other issues identified by the Division. These audits are either based on an analysis of certain key performance indicators or are performed at the discretion of the Division.

Prior to the audit, City of Miami Beach was asked to submit, to the Division, a list of all claim files with claims activity within the designated examination period. The following files were requested for the audit:

- 98 claim files for review of accuracy and timeliness of indemnity payments, mandatory claim forms/Electronic Data Interchange filing and the mailing of the "Important Workers' Compensation Information for Florida's Workers" Brochure and Employee Notification Letter
- 29 claim files for validation of the medical data reported to the Division and the mailing of the "Important Workers' Compensation Information for Florida's Workers" Brochure and Employee Notification Letter
- 22 claim files for review of accuracy and timeliness of denied cases in filing the Notices of Denial or Rescinded Denial and First Reports of Injury or Illness, and the mailing of the "Important Workers' Compensation Information for Florida's Workers" Brochure and Employee Notification Letter
- 8 Permanent Total Disability claim files for review of accuracy and timeliness of both Permanent Total Disability and Permanent Total Supplemental benefits and mandatory claim forms/Electronic Data Interchange filing

Representatives of the Division of Workers' Compensation conducted the audit of City of Miami Beach (#9614) at the office of their third party administrator, Johns Eastern Company (#6043), during the week of January 12, 2015, through January 15, 2015. The audit was conducted in their office in Sarasota, FL. The audit team examined a total of 103 claim files with accident dates ranging from June 28, 1990, through August 6, 2014. These claims were audited to determine compliance with statutory and rule requirements regulated by the Division.

II. BENEFIT DISBURSEMENT PRACTICES

A. Prompt Payments of Indemnity

Authority: Section 440.20(8) (b), F.S.; and Rule 69L-24.006, F.A.C.

Findings: Total Indemnity Payments Due: 878
Total Late: 8
Minimum Standard: 95%
Performance Achieved: 99.08%

A review of claim files identified 878 indemnity payments that should have been paid to injured workers. 8 of these payments were paid late.

A breakdown of the 8 late payments is as follows:

- 4 were paid one day late
- 2 were due to late initial payments
- 1 was due to an adjuster error
- 1 was due to a late payment of Impairment Income Benefits

The required minimum performance standard of 95% for prompt payments of indemnity was achieved.

B. Accuracy of Indemnity Calculation

Authority: Sections 440.525, F.S.; 440.20, F.S.

Findings: Total Claim Files Reviewed for Indemnity Payments: 74
Total Claim Files with Overpayments: 2
Total Claim Files with Underpayments: 8
Total Claim Files with Overpayments/Underpayments: 10

Incorrect payment calculations were found on 10 of the 74 claim files reviewed for indemnity payments. A breakdown of the 74 claim files identified 2 with an overpayment and 8 with an underpayment.

A description of the 2 claim files with an overpayment is as follows:

- 2 were due to incorrect calculations of Permanent Total/Permanent Total Supplemental benefits

The total amount of benefits overpaid on these 2 claim files totaled \$4,207.94.

A breakdown of the 8 claim files with an underpayment is as follows:

- 6 were due to penalties and interest owed but not paid
- 2 were due to incorrect calculations of Permanent Total/Permanent Total Supplemental benefits

The amount of benefits underpaid on these 8 claim files totaled \$503.51, and the amount of penalties and interest was \$291.91. The total amount of benefits, along with penalties and interest, paid to injured workers as a result of the audit is \$795.42.

III. ELECTRONIC DATA ACCURACY PRACTICES

The statutory changes implemented by the Florida Legislature in 2003 clearly emphasized the importance of a viable and efficient workers' compensation system. In order for these legislative changes to be effective, it is essential that insurers and self-insurers report data to the Division accurately and timely. Additionally, the Division will continue to conduct on-site examinations of insurers and self-insurers to determine the quality of the data being submitted.

All system stakeholders, including the Division, are obligated to take measures to ensure all data is reported accurately. A failure on the part of an insurer, self-insurer, or claims-handling entity to provide accurate data impairs the Division's ability to monitor carrier performance and lessens the quality of data gathered on an aggregate basis. Reliable data provides system stakeholders with essential information to conduct research and better manage the self-execution of the workers' compensation system.

A. Medical Data Review - Medical Data System (MDS)

Authority: Section 440.525, F.S.

Findings: Total Files Reviewed: 29
Total Number of Bills Reviewed: 160
Total Number of Bills Reviewed in MDS: 158

Number of Correct Received Dates: 157
Percentage of Correct Received Dates: 99.36%

Number of Correct Paid Dates: 158
Percentage of Correct Paid Dates: 100%

Number of Bills Not Reported: 2
Percentage of Reporting Bills: 98.75%

To determine the accuracy of the medical data submitted to the Division, the audit team performed a review of the medical data submitted from July 15, 2014, through December 9, 2014.

A description of the 1 bill with an incorrect Received Date is as follows:

- 1 bill was due to a data processing error

The Division's monitoring and/or examination process identified no medical bill data elements that required the assessment of a penalty for inaccurate reporting.

B. First Reports of Injury or Illness Data Review – Electronic Data Interchange (EDI)

Authority: Section 440.525, F.S.

Findings: Total Forms Reviewed: 66

Number of Correct Dates of Accident: 66 of 66

Percentage of Correct Dates of Accident: 100%

Number of Correct Dates Reported to the Employer: 65 of 65

Percentage of Correct Dates Reported to the Employer: 100%

Number of Correct Dates Reported to Claim Administrator: 66 of 66

Percentage of Correct Dates Reported to Claim Administrator: 100%

Number of Correct Dates Disability Began: 36 of 36

Percentage of Correct Dates Disability Began: 100%

Number of Correct Carrier Knowledge of the 8th Day of Disability: 35 of 35

Percentage of Correct Carrier Knowledge of the 8th Day of Disability: 100%

Number of Correct Initial Dates of Payment: 11 of 11

Percentage of Correct Initial Dates of Payment: 100%

Number of Correct Salary End Dates: 34 of 34

Percentage of Correct Salary End Dates: 100%

Number of Correct Salary In Lieu of Compensation: 66 of 66

Percentage of Correct Salary In Lieu of Compensation: 100%

Number of Correct Initial Disability Types: 66 of 66

Percentage of Correct Initial Disability Types: 100%

To determine the accuracy of the First Report of Injury or Illness data submitted to the Division, the audit team performed a review of First Report of Injury or Illness data submitted from December 4, 2009, through August 6, 2014, by City of Miami Beach.

The Division's monitoring and/or examination process identified no EDI data elements that required the assessment of a penalty for inaccurate reporting.

IV. ELECTRONIC DATA ACCURACY PRACTICES

A. Claimant Contact

1. Informational Brochure

Authority: Section 440.185(4), F.S., and Rule 69L-3.0035, F.A.C.

Findings: Total Informational Brochures Due: 95
Total Not Mailed: 0
Total Mailed Late: 0
Total Brochures in Non-compliance: 0
Notice Compliance Percentage: 100%

A review of claim files identified 95 DFS-F2-DWC-60 "Important Workers' Compensation Information for Florida's Workers" or DFS-F2-DWC-61 "Informacion Importante De Seguro De Indemnizacion Por Accidentes De Trabajo Para Los Trabajadores De La Florida" brochures that should have been mailed; all of these Informational Brochures were mailed timely.

2. Employee Notification Letter

Authority: Section 440.185(11), F.S.

Findings: Total Employee Notification Letters Due: 95
Total Not Mailed: 0
Total Mailed Late: 0
Total Letters in Non-compliance: 0
Notice Compliance Percentage: 100%

A review of claim files identified 95 Employee Notification Letters that should have been mailed; all of these Employee Notification Letters were mailed timely.

The required minimum performance standard for Informational Brochures and Employee Notification Letters was achieved.

B. Claim Forms/EDI Findings

1. First Reports of Injury or Illness

Authority: Section 440.185(2), F.S., and Rules 69L-3.0045 and 69L-56.301, F.A.C.

Findings: Total Reports Due: 66
Total Not Filed: 0
Total Filed Late: 0
Total First Reports of Injury or Illness in Non-compliance: 0

A review of claim files identified 66 First Reports of Injury or Illness that should have been filed with the Division; all of these Reports were filed timely.

2. Notices of Action or Change

Authority: Section 440.20, F.S., and Rules 69L-3.0091, 69L-56.304, 69L-56.3045, F.A.C.

Findings: Total Notices Due: 196
Total Not Filed: 3
Total Filed Late: 3
Total Notices in Non-compliance: 6
Notice Compliance Percentage: 96.93%

A review of claim files identified 196 Notices of Action or Change that should have been filed with the Division; 3 of these Notices were not filed and 3 were filed late.

A description of the 3 Notices of Action or Change that were not filed is as follows:

- 3 were due to report return to work information

A breakdown of the 3 Notices of Action or Change that were filed late is as follows:

- 2 were due to report maximum medical improvement information
- 1 was due to report the reinstatement of benefits

The required minimum performance standard for Notices of Action or Change was achieved.

3. Notices of Denial or Rescinded Denial

Authority: Sections 440.185; 440.20, F.S. and Rules 69L-3.012; 69L-56.3012, F.A.C.

Findings: Total Notices Due: 22
Total Not Filed: 0
Total Filed Late: 0
Total Notices in Non-compliance: 0
Notice Compliance Percentage: 100%

A review of claim files identified 22 Notices of Denial or Rescinded Denial that should have been filed with the Division; all of these Notices were filed timely.

The required minimum performance standard for Notices of Denial or Rescinded Denial was achieved.

4. Claim Cost Reports

Authority: Sections 440.185; 440.20, F.S. and Rules 69L-3.016; 69L-56.3013, F.A.C.

Findings: Total Reports Due: 154
Total Not Filed: 0
Total Filed Late: 0
Total Reports in Non-compliance: 0
Report Compliance Percentage: 100%

A review of claim files identified 154 Claim Cost Reports that should have been filed with the Division; all of these reports were filed timely.

The required minimum performance standard for Claim Cost Reports was achieved.

V. SUMMARY

Claims Handling Practice Reviewed	# Due	# In Violation
Prompt Payments of Indemnity	878	8
Informational Brochure	95	0
Employee Notification Letter	95	0
Filing: First Reports of Injury or Illness	66	0
Filing: Notices of Action or Change	196	6
Filing: Notices of Denial or Rescinded Denial	22	0
Filing: Claim Cost Reports	154	0

Claims Handling Practice Reviewed	# Files Reviewed	# In Violation
Accuracy of Indemnity Calculation	74	10

Electronic Data Accuracy Practice Reviewed	# Reviewed In MDS	# In Violation
Medical Data – Accuracy of Received Dates	158	1
Medical Data – Accuracy of Paid Dates	158	0

Electronic Data Accuracy Practice Reviewed	# Due	# In Violation
First Reports of Injury or Illness Data – Accuracy of “Dates of Accident”	66	0
First Reports of Injury or Illness Data – Accuracy of “Date Reported to Employer”	65	0
First Reports of Injury or Illness Data – Accuracy of “Date Reported to Claim Administrator”	66	0
First Reports of Injury or Illness Data – Accuracy of “Date Disability Began”	36	0
First Reports of Injury or Illness Data – Accuracy of “Carrier Knowledge of the 8 th Day of Disability”	35	0
First Reports of Injury or Illness Data – Accuracy of “Initial Date of Payment”	11	0
First Reports of Injury or Illness Data – Accuracy of “Salary End Date”	34	0
First Reports of Injury or Illness Data – Accuracy of “Salary In Lieu of Compensation”	66	0
First Reports of Injury or Illness Data – Accuracy of “Initial Disability Type”	66	0

VI. CONCLUSIONS

The deficiencies found within this audit do not require an assessment of penalties.

Loss data reported to the Division through various Division forms is an integral part of a self-executing Workers' Compensation System. Insurers that do not comply with reporting requirements will be penalized for each failure to timely report such information. Claims managers should closely monitor existing programs, including the submission of medical bill data, to ensure compliance.